

Message Text

CONFIDENTIAL

PAGE 01 OSLO 01324 01 OF 03 271738Z

50

ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 AEC-11 AID-20 CEA-02 CIEP-02 COME-00

EB-11 FEA-02 FPC-01 INT-08 OMB-01 SAM-01 SCI-06

STR-08 TRSE-00 SAJ-01 LAB-06 SIL-01 NEA-10 FRB-02

ACDA-19 DLOS-06 COA-02 IO-14 NIC-01 AF-10 DRC-01 /246 W

----- 107971

P R 271610Z MAR 74

FM AMEMBASSY OSLO

TO SECSTATE WASHDC PRIORITY 8011

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY REYKJAVIK

AMEMBASSY STOCKHOLM

USMISSION USNATO

C O N F I D E N T I A L SECTION 1 OF 3 OSLO 01324

E.O. 11652: GDS

TAGS: PFOR PINT NO

SUBJ: TRENDS IN NORWAY - FIRST QUARTER 1974

REF: STOESSEL LETTER OF DEC. 4, 1973

BEGIN SUMMARY. OIL POLICY HAS HELD CENTER STAGE IN NORWAY THUS FAR THIS YEAR: WITH MUCH ADO ABOUT A MINOR FUEL SHORTAGE; PUBLICATION OF TWY MAJOR GOVERNMENT REPORTS FAVORING A GO SLOW, DO-IT-YOURSELF OIL POLICY; PARTICIPATION IN U.S. SPONSORED ENERGY TALKS; AND PREPARATIONS FOR FUTURE BARGAINING WITH THE SOVIETS OVER OIL UNDER THE BARENTS SEA. NATIONWIDE WAGE NEGOTIATIONS WHICH BEGAN IN FEBRUARY HAVE MADE LITTLE PROGRESS, AND BOTH SIDES LOOK TO THE GOVERNMENT

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OSLO 01324 01 OF 03 271738Z

TO DO SOMETHING TO PREVENT WAGE INCREASES FROM BEING

EATEN UP BY TAXES AND INFLATION. ALSO OF DOMESTIC INTEREST HAS BEEN THE LABOR PARTY'S CONTINUING EFFORT TO ADJUST TO ITS MINORITY ROLE IN PARLIAMENT AND IN THE COUNTRY AND TO DECIDE HOW TO REMEDY THE SITUATION. INTERNATIONALLY, APART FROM OIL, THERE WERE A SERIES OF ACTIVE NEGOTIATIONS WITH THE SOVIETS AS A PRELUDE TO THE PRIME MINISTER'S JUST COMPLETED VISIT TO THE USSR. IN THE PROCESS, NORWAY HAS BEEN CAREFUL TO CONSULT FULLY WITH THE U.S., BOTH BECAUSE OF THE ASSURANCE U.S. SUPPORT GIVES IT IN DEALING WITH THE SOVIETS AND BECAUSE EEC DISUNITY HAS UNDERSCORED THE IMPORTANCE FOR NORWAY OF ITS SECURITY LINK TO THE U.S. AND NATO. END SUMMARY.

1. PRIME MINISTER BRATTELI ENTERED THE NEW YEAR WITH HEIGHTENED CONFIDENCE IN THE ABILITY OF HIS LABOR PARTY TO GOVERN WITHOUT HAVING TO COMPROMISE ITS MAIN PROGRAMS OR PRINCIPLES. HAVING EMERGED VICTORIOUS FROM HIS PRE-CHRISTMAS CONFRONTATION WITH THE SOCIALIST ELECTORAL LEAGUE (SV) OVER THE BUDGET, HE NOW APPEARS SURE OF HIS ABILITY TO OBTAIN SUPPORT FROM THE RIGHT OR LEFT AS NEEDED TO GET APPROVAL FOR HIS FOREIGN AND DOMESTIC PROGRAMS. IN HIS NEW YEAR'S ADDRESS, MASTERING THE OIL CRISIS AND COMBATING INFLATION WERE DEFINED AS THE MAJOR TASKS OF THE COMING YEAR.

2. OIL: GO SLOW AND DO IT YOURSELF.
THE OIL CRISIS HAS LITTLE IMPACT ON NORWAY. PLANS FOR GAS RATIONING WERE ABANDONED AND TWO GOVERNMENT REPORTS OUTLINED A LONG-RANGE POLICY FOR DEVELOPMENT OF NORWAY'S EXTENSIVE OFFSHORE OIL AND GAS RESOURCES WHICH WAS NOT RESPONSIVE TO NATO INTEREST IN SOME STABLE WESTERN ALTERNATIVE TO DEPENDENCE ON ARAB OIL. THE REPORTS TO THE STORTING CONFIRMED THE U.S. OIL COMPANIES' WORST SUSPICIONS, BY SAYING NORWAY HAD NO INTENTION OF ACCELERATING ITS "MODERATE" PACE OF DEVELOPMENT AND INTENDED TO REDUCE ITS DEPENDENCE ON FOREIGN COMPANIES AS RAPIDLY AS POSSIBLE. PARLIAMENTARY DEBATE ON THE GOVERNMENT REPORT IS UNLIKELY TO MODIFY THE GO-SLOW POLICY, WHICH ENJOYS WIDESPREAD POPULAR SUPPORT BECAUSE IT APPEARS TO PROTECT NORWAY'S PRESENT WAY OF LIFE. DEBATE IS CONFIDENTIAL

CONFIDENTIAL

PAGE 03 OSLO 01324 01 OF 03 271738Z

LIKELY TO CONCENTRATE INSTEAD ON THE RESPECTIVE ROLES OF THE PUBLIC AND PRIVATE SECTORS IN DEVELOPMENT OF OIL AND GAS, ON REGIONAL PRIORITIES, AND ON THE EXTENT TO WHICH OIL REVENUES SHOULD BE USED BY THE LABOR GOVERNMENT TO "RESTRUCTURE" NORWEGIAN SOCIETY.

5. INFLATION, WAGE NEGOTIATIONS AND THE ECONOMY.
BRATTELI'S GOAL OF COMBATING INFLATION TAKES ON

SPECIAL SIGNIFICANCE BECAUSE NATIONWIDE WAGE NEGOTIATIONS
BEGAN ON AN INDUSTRY-BY-INDUSTRY BASIS IN FEBRUARY AND
MARCH. RECENT GOVERNMENT STUDIES HAVE HIGHLIGHTED
THE DILEMMA: WHATEVER THE SIZE OF THE WAGE INCREASE,
NEARLY HALF WILL GO FOR TAXES WHILE THE OTHER HALF WILL
BE EATEN UP BY INFLATION. THIS EXPLAINS LABOR'S DEMANDS
FOR WAGE INCREASES AVERAGING 10-15 PERCENT. BOTH LABOR
AND EMPLOYERS ARE WAITING FOR THE GOVERNMENT TO INTERVENE
TO BREAK DEADLOCKS WHICH HAVE ALREADY DEVELOPED IN THE
NEGOTIATIONS, BUT SO FAR IT HAS NOT INDICATED WHEN IT
WILL INTERVENE OR HOW. THE EVENTUAL ACTIONS OF THE
GOVERNMENT AND OF THE NATIONAL TRADE UNION FEDERATION
(LO), WHICH IS NOT A PARTY THIS YEAR TO THE
NEGOTIATIONS, WILL BE DETERMINED NOT JUST ON ECONOMIC
GROUNDS BUT ALSO WITH AN EYE TO THE ONGOING STRUGGLE
WITH THE SV FOR CONTROL OF THE TRADE UNION MOVEMENT.
(WHATEVER THE OUTCOME OF WAGE NEGOTIATIONS, IT IS
UNLIKELY TO HALT THE RISE IN IMPORTS FROM AMERICA,
WHICH HAS MOVED US INTO FOURTH PLACE AMONG NORWEGIAN
SUPPLIERS.)

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 OSLO 01324 02 OF 03 271837Z

50

ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 AEC-11 AID-20 CEA-02 CIEP-02 COME-00

EB-11 FEA-02 FPC-01 INT-08 OMB-01 SAM-01 SCI-06

STR-08 TRSE-00 SAJ-01 LAB-06 SIL-01 NEA-10 FRB-02

ACDA-19 DLOS-06 COA-02 IO-14 NIC-01 AF-10 DRC-01 /246 W

----- 108888

P R 271610Z MAR 74

FM AMEMBASSY OSLO

TO SECSTATE WASHDC PRIORITY 0812

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY REYKJAVIK

AMEMBASSY STOCKHOLM
USMISSION USNATO

C O N F I D E N T I A L SECTION 2 OF 3 OSLO 1324

4. LABOR PARTY'S INTERNAL PROBLEMS

LABOR'S FIGHT WITH THE FAR LEFT CONTINUES IN DIFFERENT ARENAS, WITH THE PARTY LEADERSHIP STILL UNDECIDED HOW TO WIN BACK THE LOYALTIES OF YOUTH AND THE LEFT WING WITHOUT ALIENATING EVEN MORE OF ITS CONSERVATIVE VOTERS. AS PART OF AN UNEVEN EFFORT TO RESTORE PARTY UNITY AT THE DISTRICT AND LOCAL LEVEL, THE OSLO LABOR PARTY HAS ELECTED A MODERATE CHAIRMAN AND DECLARED WAR ON THE SV. IT IS PREMATURE TO PREDICT THE RESULTS. MUFFLED DEBATE IS ALREADY BEGINNING INSIDE THE PARTY ON WHO SHOULD SUCCEED BRATTELI AS PARTY CHAIRMAN AND THERE IS TALK THAT HE SHOULD STIP DOWN AT THE 1975 NATIONAL CONGRESS.

5. POSSIBILITIES FOR INTER-PARTY COOPERATION.
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OSLO 01324 02 OF 03 271837Z

THERE APPEARS NO LIKELY ALTERNATIVE TO MINORITY RULE BY THE LABOR PARTY PRIOR TO THE 1977 NATIONAL ELECTIONS (WHICH CANNOT BE HASTENED IN NORWAY, IN CONTRAST TO SWEDEN AND DANMARK). NEVERTHELESS, BRATTELI REPEATED TO THE LABOR PARTY NATIONAL COMMITTEE IN FEBRUARY HIS POST-ELECTORAL SUGGESTION THAT LABOR SHOULD REVIEW THE POSSIBILITY OF CLOSER COOPERATION WITH OTHER PARTIES, GIVEN ITS WEAKENED POSITION. HE DID NOT INDICATE, HOWEVER, WHETHER HE MEANT COOPERATION WITH PARTIES ON THE LEFT OR RIGHT. IF HE WAS DIRECTING HIS REMARKS TO THE NON-SOCIALIST PARTIES, HE WAS QUICKLY UNDERCUT BY LABOR VICE CHAIRMAN REIULF STEEN'S ASSERTION THAT LABOR STILL ADHERES TO ITS HISTORIC AIM OF BUILDING SOCIALISM. INDEED, THE NON-SOCIALIST PARTIES COLD SHOULDERED BRATTELI'S SUGGESTION AND CONTINUED THEIR DIALOGUE ABOUT CLOSER COOPERATION AIMED AT BRINGING BACK A NON-SOCIALIST COALITION GOVERNMENT. OPPOSITION TO BANK "DEMOCRATIZATION" HAS BEEN A CATALYST FOR NON-SOCIALIST UNITY. ON THE FAR-LEFT, THE HIGHLY INDIVIDUALISTIC LEADERS OF THE THREE PARTIES COMPRISING THE SV HAVE SO FAR MANAGED TO AVOID MAJOR DISAGREEMENTS. THEIR EFFORTS TO FORM A SINGLE PARTY SUFFERED A SETBACK LAST WEEKEND, HOWEVER, WHEN THE COMMUNIST PARTY VOTED TO DELAY THE CONVERSION OF SV INTO A SINGLE PARTY UNTIL AT LEAST THE 1975 MUNICIPAL ELECTIONS.

6. FOREIGN RELATIONS: THE IMPACT OF OIL.

THE OIL CRISIS, RELATIONS WITH THE SOVIET UNION AND THE TRANS-ATLANTIC DIALOGUE DOMINATED NORWEGIAN FOREIGN RELATIONS, WITH AFRICAN LIBERATION MOVEMENTS ALSO RECEIVING INCREASED ATTENTION. FOREIGN MINISTER FRYDENLUND GAVE THE PLACE OF HONOR IN HIS NEW YEAR ADDRESS TO OIL, SUGGESTING THAT IT HAS MADE NORWAY "MORE INTERESTING" TO THE WORLD. NOTING NORWAY'S DUAL POSITION AS OIL CONSUMER AND PRODUCER, HE ALSO SUGGESTED THAT IT MIGHT SERVE AS A BRIDGE BETWEEN THE CONSUMER AND PRODUCER STATES. THE NORWEGIANS WARMLY APPLAUDED THE U.S. INITIATIVE WHICH LED TO THE WASHINGTON ENERGY CONFERENCE AND WERE FLATTERED TO BE INCLUDED. HOWEVER, WITH ITS GROWING AWARENESS OF

CONFIDENTIAL

PAGE 03 OSLO 01324 02 OF 03 271837Z

COMMON INTERESTS WITH THE OIL PRODUCING STATES, NORWAY IS LIKELY TO RESIST MEASURES WHICH MIGHT IDENTIFY IT TOO CLOSELY WITH A CONSUMERS' BLOC.

7. NORWEGIAN-SOVIET RELATIONS.

OIL IS ALSO A FACTOR IN NORWAY'S CURRENT RE-EVALUATION OF ITS RELATIONSHIP WITH ITS SOVIET NEIGHBOR. THE NORWEGIANS HAVE BEGUN PLANNING FOR THE EVENTUAL EXPLOITATION OF THE CONTINENTAL SHELF OFF NORTH NORWAY, AND THEY HAVE FINALLY OBTAINED SOVIET AGREEMENT TO BEGIN NEGOTIATIONS NEXT FALL ON DIVIDING THE SHELF IN THE BARENTS SEA. THE NORWEGIAN GOVERNMENT ARGUES THAT IT IS IN THE INTEREST OF THE SUPER POWERS, AS WELL AS OF NORWAY, THAT EXPLORATION AND PRODUCTION ACTIVITY IN NORTHERN WATERS BE UNDER EXCLUSIVE NORWEGIAN CONTROL-- THEREBY ALLEGEDLY AVOIDING SOVIET SUSPICION AND INTERNATIONAL TENSION IN A STRATEGIC AREA. NOT ALL NORWEGIANS SHARE THIS VIEW--SOME WOULD FAVOR HAVING AMERICAN COMPANIES INVOLVED IN THE FAR NORTH BOTH AS HOSTAGES AND AS GUARANTORS OF A CONTINUING U.S. INTEREST IN THE AREA. BUT MEANWHILE THE GOVERNMENT IS AT LEAST PROCEEDING ON THE PREMISE THAT THE NORWEGIAN STATE OIL COMPANY WILL BE THE PRIMARY, IF NOT EXCLUSIVE DEVELOPER OF NORTHERN RESOURCES.

8. BEGINNING IN JANUARY, NORWEGIAN-SOVIET NEGOTIATIONS WERE INTENSIFIED IN AN EFFORT TO HAVE SOMETHING TO SIGN AND TO CLEAN UP CONTENTIOUS ITEMS (VARIOUS SVALBARD AND ARCTIC QUESTIONS) BEFORE BRATTELI'S MARCH VISIT TO MOSCOW. THE VISIT ITSELF PRODUCED NO REAL SURPRISES EXCEPT PERHAPS MOSCOW'S GREAT STRESS ON INCREASED BILATERAL TRADE. NORWEGIANS REFUSED EVEN TO DISCUSS A SOVIET CONSULATE IN TROMSO OR ANY SPECIAL SOVIET STATUS ON SVALBARD.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 OSLO 01324 03 OF 03 271857Z

50

ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 AEC-11 AID-20 CEA-02 CIEP-02 COME-00

EB-11 FEA-02 FPC-01 INT-08 OMB-01 SAM-01 SCI-06

STR-08 TRSE-00 SAJ-01 LAB-06 SIL-01 NEA-10 FRB-02

ACDA-19 DLOS-06 COA-02 IO-14 NIC-01 DRC-01 AF-10 /246 W

----- 109265

P R 271610Z MAR 74

FM AMEMBASSY OSLO

TO SECSTATE WASHDC PRIORITY 8013

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY REYKJAVIK

AMEMBASSY STOCKHOLM

USMISSION USNATO

C O N F I D E N T I A L SECTION 3 OF 3 OSLO 1324

9. NORWAY, EUROPE AND THE U.S.

THE APPARENT CONCERN OF BRATTELI AND FRYDENLUND TO CONSULT FULLY WITH THE U.S. ABOUT NORWAY'S RELATIONS WITH THE USSR INDICATES BOTH THEIR DESIRE FOR REASSURANCE OF U.S. SUPPORT AND THEIR UNEASE OVER THE PRESENT STATE OF TRANS-ATLANTIC RELATIONS. SELF-EXCLUSION FROM THE EC HAS HEIGHTENED NORWAY'S SENSE OF ISOLATION AND ITS APPRECIATION OF THE IMPORTANCE OF NATO NOT ONLY FOR NORWEGIAN SECURITY BUT ALSO AS A EUROPEAN DECISION-MAKING FORUM IN WHICH IT HAS A VOICE. SENSITIVITY TO THE CURRENT U.S.-EUROPEAN DEBATE OVER CONSULTATIONS, FEAR OF BEING LEFT OUT OF IMPORTANT DECISIONS, AND CONCERN OVER THE IMPLICATIONS OF GAULLISM FOR NORWEGIAN SECURITY HAVE ENCOURAGED NORWAY TO CONSULT CLOSELY WITH US, TO

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OSLO 01324 03 OF 03 271857Z

SUPPORT US IN DISCUSSIONS OF THE NATO DECLARATION (WHICH THEY WOULD PREFER AS THE ONLY DECLARATION BETWEEN THE U.S. AND EUROPE) AND TO ACCEPT OUR APPROACH TO THE ENERGY CRISIS.

10. SUPPORT FOR LIBERATION MOVEMENTS.
WITH CHARACTERISTIC IDEOLOGICAL AMBIVALENCE, THE LABOR PARTY HAS CONTINUED ITS ACTIVITY IN SUPPORT OF CAUSES WHICH SERVE INDIRECTLY TO WEAKEN POPULAR SUPPORT FOR ITS SECURITY TIES WITH THE U.S. AND NATO. CONSULTATIONS WITH SENEGAL AND THE NETHERLANDS EARLY IN JANUARY REVIVED NORWEGIAN INTEREST IN PROMOTING INTERNATIONAL PRESSURE ON PORTUGAL TO DECOLONIZE. THE FOREIGN MINISTRY'S UNDER SECRETARY ALSO RECENTLY TOURED AFRICA TO SEE HOW NORWAY CAN IMPROVE ITS NON-MILITARY AID TO THE LIBERATION MOVEMENTS. THE ADVISORY COUNCIL ON FOREIGN AID SOUNDLY DEFEATED A SUGGESTION THAT IN THE FUTURE NORWAY SHOULD MAKE NEED RATHER THAN POLITICS THE CRITERION FOR ASSISTANCE.

11. DEFENSE REVIEW
THE LABOR GOVERNMENT MOVED AHEAD SLOWLY WITH PLANS TO UNDERTAKE THE FIRST COMPREHENSIVE REVIEW OF THE DEFENSE ESTABLISHMENT SINCE 1946. THE FOREIGN MINISTER SOUGHT IN A SPEECH IN MARCH TO ALLAY CONCERNS THAT THE REAL PURPOSE OF THIS REVIEW WILL BE TO JUSTIFY COSTS IN DEFENSE. THERE ARE OBVIOUS RISKS IN OPENING THE REVIEW AT THE PRESENT TIME: WHILE POPULAR SUPPORT FOR NATO REMAINS HIGH (61 PERCENT ACCORDING TO THE ANNUAL GALLUP POLL PUBLISHED IN FEBRUARY), WIDESPREAD DISSATISFACTION OVER TAXES, THE DETENTE ATMOSPHERE AND EVIDENCE OF TRANS-ATLANTIC DISUNITY COULD ENHANCE THE APPEAL OF CALLS BY THE FAR LEFT FOR DRASTIC CUTS IN DEFENSE SPENDING. THE FACT THAT THE FINANCE MINISTER, A LABOR PARTY IDEOLOGUE, SEES SOME MERIT IN USING INCREASED OIL REVENUES TO PURCHASE DEFENSE EQUIPMENT ABROAD IS AT LEAST ENCOURAGING.
BUCHANAN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, OFFSHORE DRILLING, CONTINENTAL SHELF, WAGES, COLLECTIVE BARGAINING, PARAMILITARY FORCES, POLITICAL SITUATION, FOREIGN POLICY POSITION, PETROLEUM RESERVES, NEGOTIATIONS, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 27 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OSLO01324
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740066-0381
From: OSLO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740311/aaaaakbb.tel
Line Count: 374
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STOESSEL LETTER OF DEC. 4, 1973
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 28 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAY 2002 by rowelle0>; APPROVED <03-Sep-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TRENDS IN NORWAY - FIRST QUARTER 1974
TAGS: PFOR, PINT, ENRG, NO, UR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005